

# aaS Benchmarks

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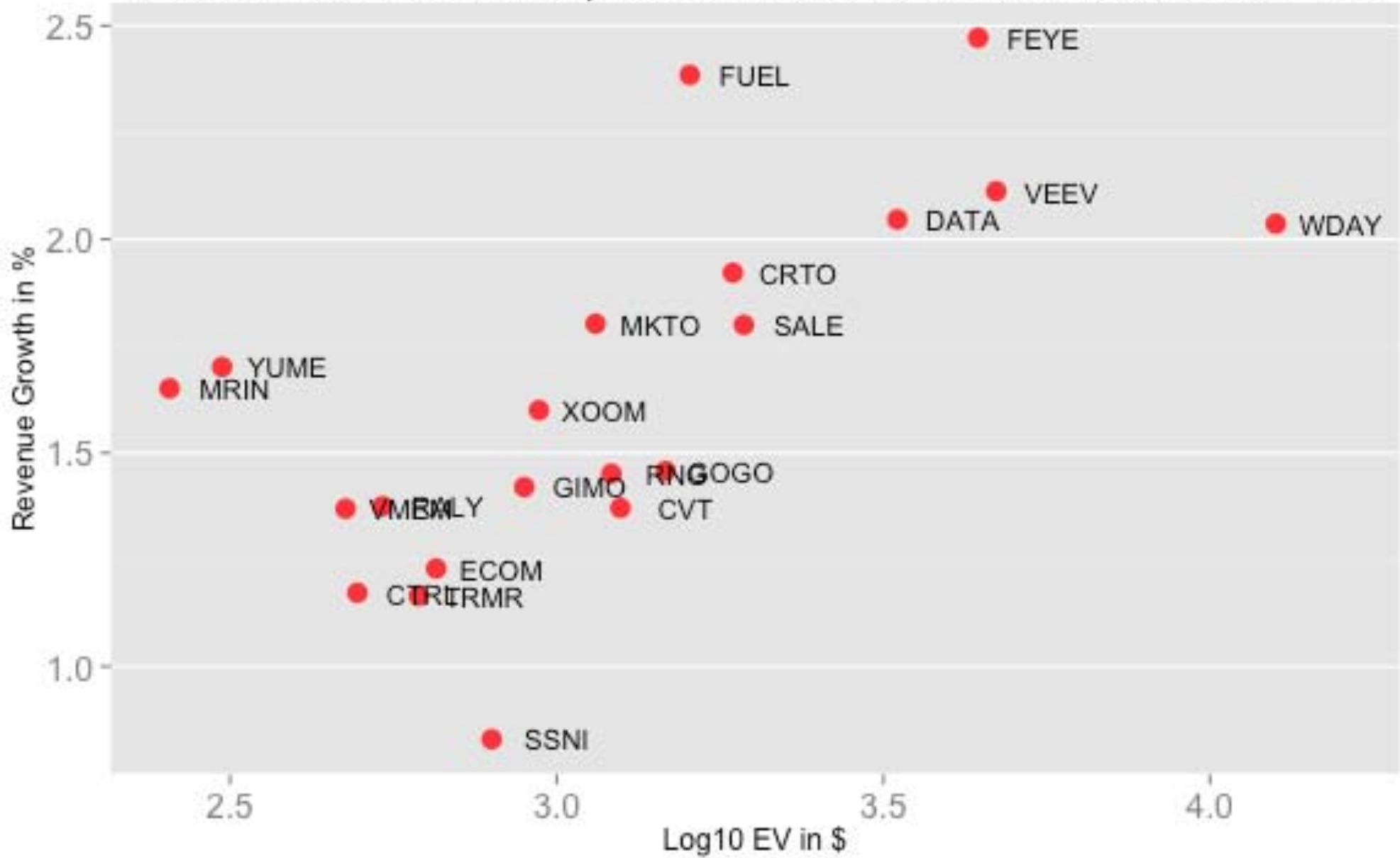
**Revenue Growth =**

Customers x

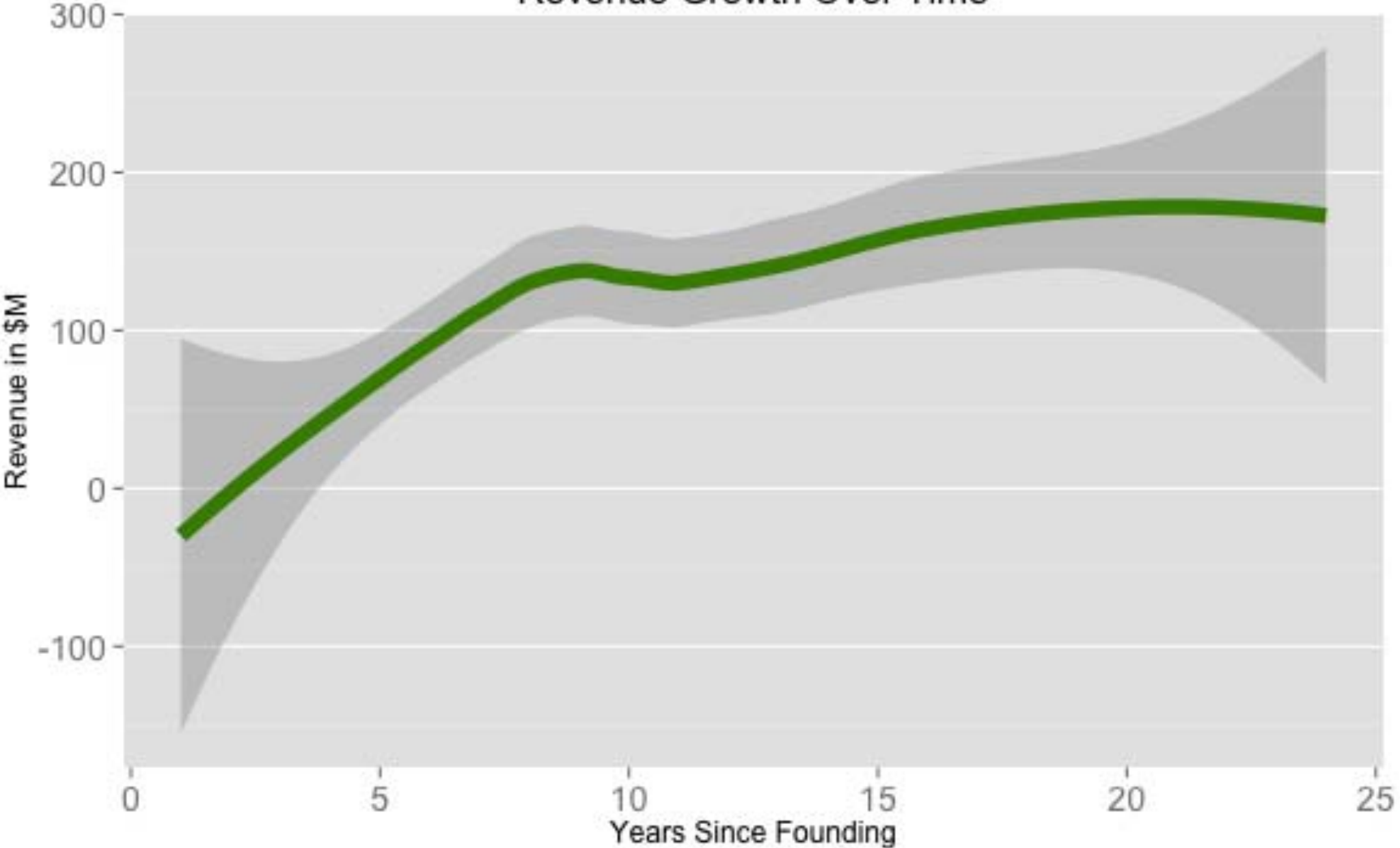
Avg. Contract Value x

(Growth Rate - Churn Rate)

### Revenue Growth and Enterprise Value of 2013 Venture Backed Tech IPOs



Revenue Growth Over Time



Revenue Growth =

**Customers** x

Avg. Contract Value x

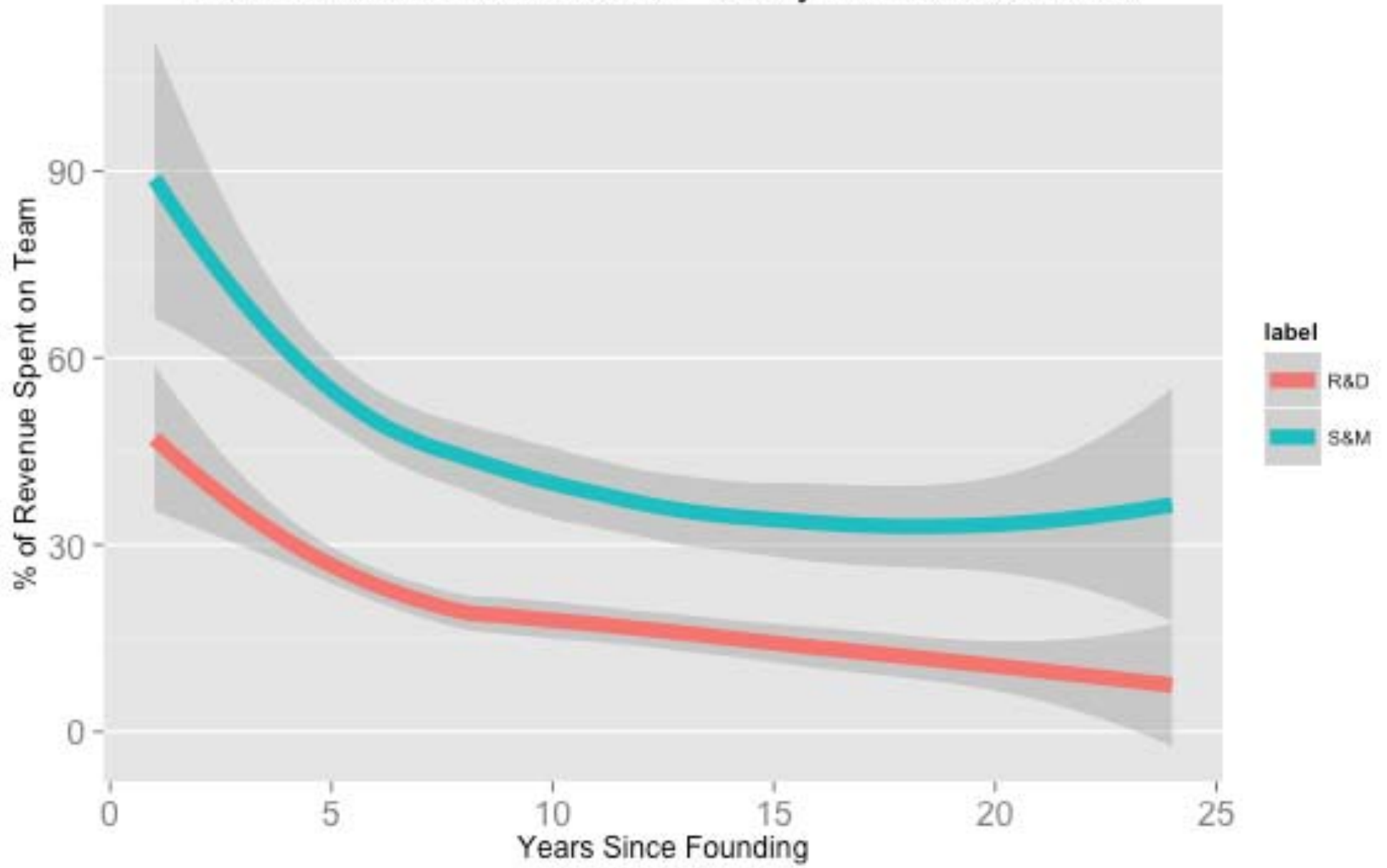
(Growth Rate - Churn Rate)



# Customer Acquisition Model



Team Investments Trends of Publicly Traded SaaS Cos.





# Sales Team Benchmarks

	Inside Sales	Outside / Field Sales
OTE in \$k	65	350
Annual Quota in \$k	400	1250
Sales Size in \$k	10	250
Sales Velocity / Quarter	10	1.3
Close Rate	20%	30%
Annual Leads Req'd	200	17
Rev / CoS	5	3

# CAC Payback = 15 mos



Revenue Growth =

Customers x

**Avg. Contract Value** x

(Growth Rate - Churn Rate)

# Pricing Structures

Pricing Model	User Value	Product Complexity	End User Buys	Avg Seat \$
Freemium	Increases with time	Simple	Yes or No	Low
Limited Free Trial	Increases with time	Complex	Yes	Low/Medium
Up Front Payment	Immediate	Simple	Yes	High
Money Back Guarantee	Immediate	Complex	Yes	High

Revenue Growth =

Customers x

Avg. Contract Value x

(**Growth Rate** - Churn Rate)

# Grow through Sales

Customers	100	1,000	10,000	50,000
ACV	20,000	20,000	20,000	20,000
Revenue in \$M	2	20	200	1000
Revenue Churn as %	20%	20%	20%	20%
Revenue Churn in \$M	0	4	40	200

## Strategy 1: New Customer Acquisition

CAC	25,000	25,000	25,000	25,000
Customers Req'd to Offset Churn	20	200	2,000	10,000
Average Sales Velocity per Rep per Year	60	60	60	60
Sales Reps Req'd to Offset Churn	1	3	33	167
Investment Required in \$M	1	5	50	250

# Grow through Upsell

Customers	100	1,000	10,000	50,000
ACV	20,000	20,000	20,000	20,000
Revenue in \$M	2	20	200	1000
Revenue Churn as %	20%	20%	20%	20%
Revenue Churn in \$M	0	4	40	200
<hr/> Strategy 2: Account Growth				
Upsell Revenue to Offset Churn	0	4	40	200
Conversion Rate of Customers to Upsell	20%	20%	20%	20%
Upsold Customers	20	200	2,000	10,000
Upsold Customers Avg ACV	40,000	40,000	40,000	40,000
Average Sales Velocity per Rep per Year	60	60	60	60
Sales Reps for Upsell	1	3	33	167
Investment Required in \$M	0.2	0.5	5	25



# Grow Organically

Customers	100	1,000	10,000	50,000
ACV	20,000	20,000	20,000	20,000
Revenue in \$M	2	20	200	1000
Revenue Churn as %	20%	20%	20%	20%
Revenue Churn in \$M	0	4	40	200

## Strategy 3: Organic Growth

Annual Organic Growth to Offset Churn	0	4	40	200
Customer CAGR Needed	20%	20%	20%	20%
Average Customer ACV at EOY	25,000	25,000	25,000	25,000
Investment Required in \$M	?	?	?	?

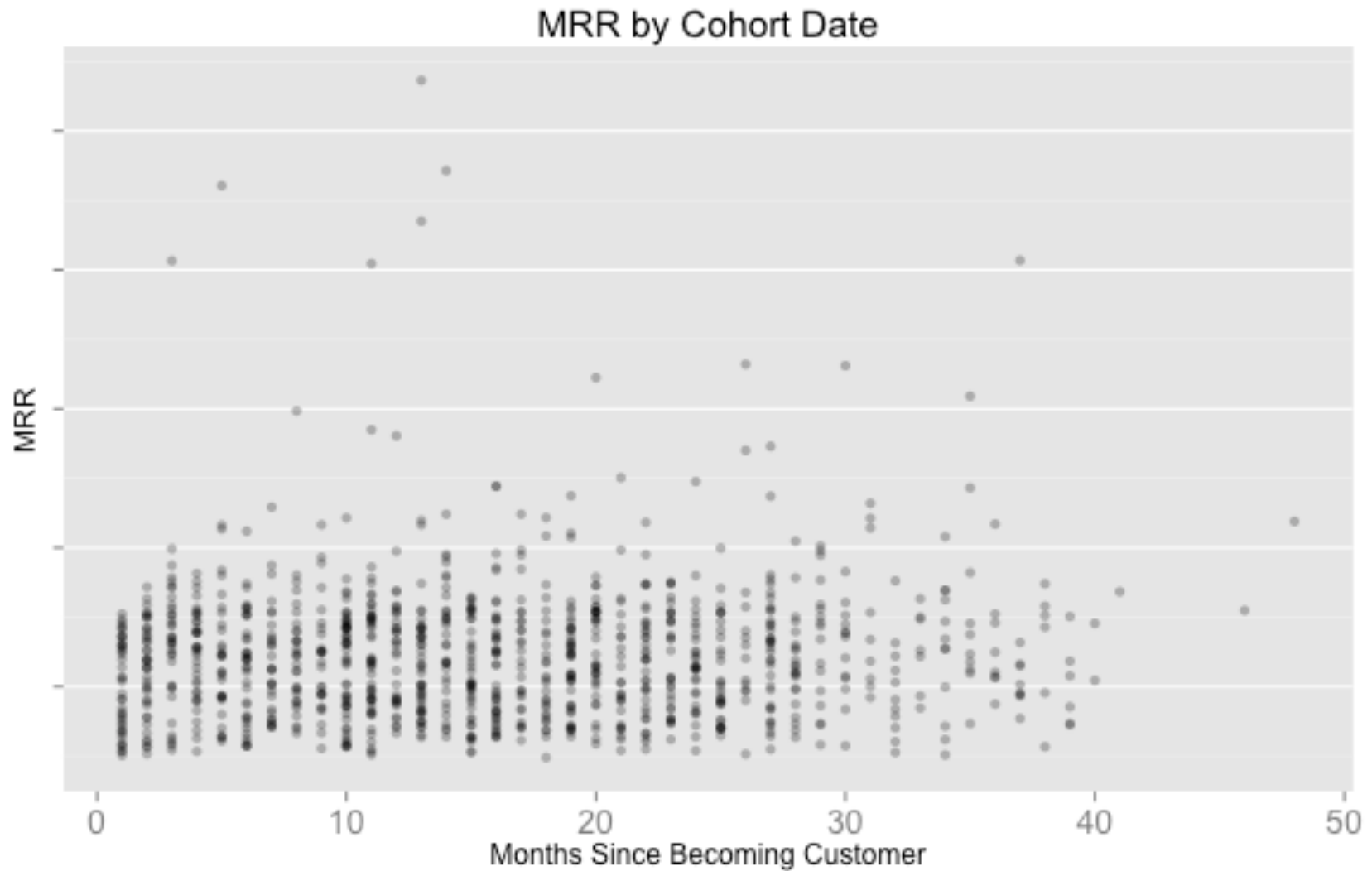
Revenue Growth =

Customers x

Avg. Contract Value x

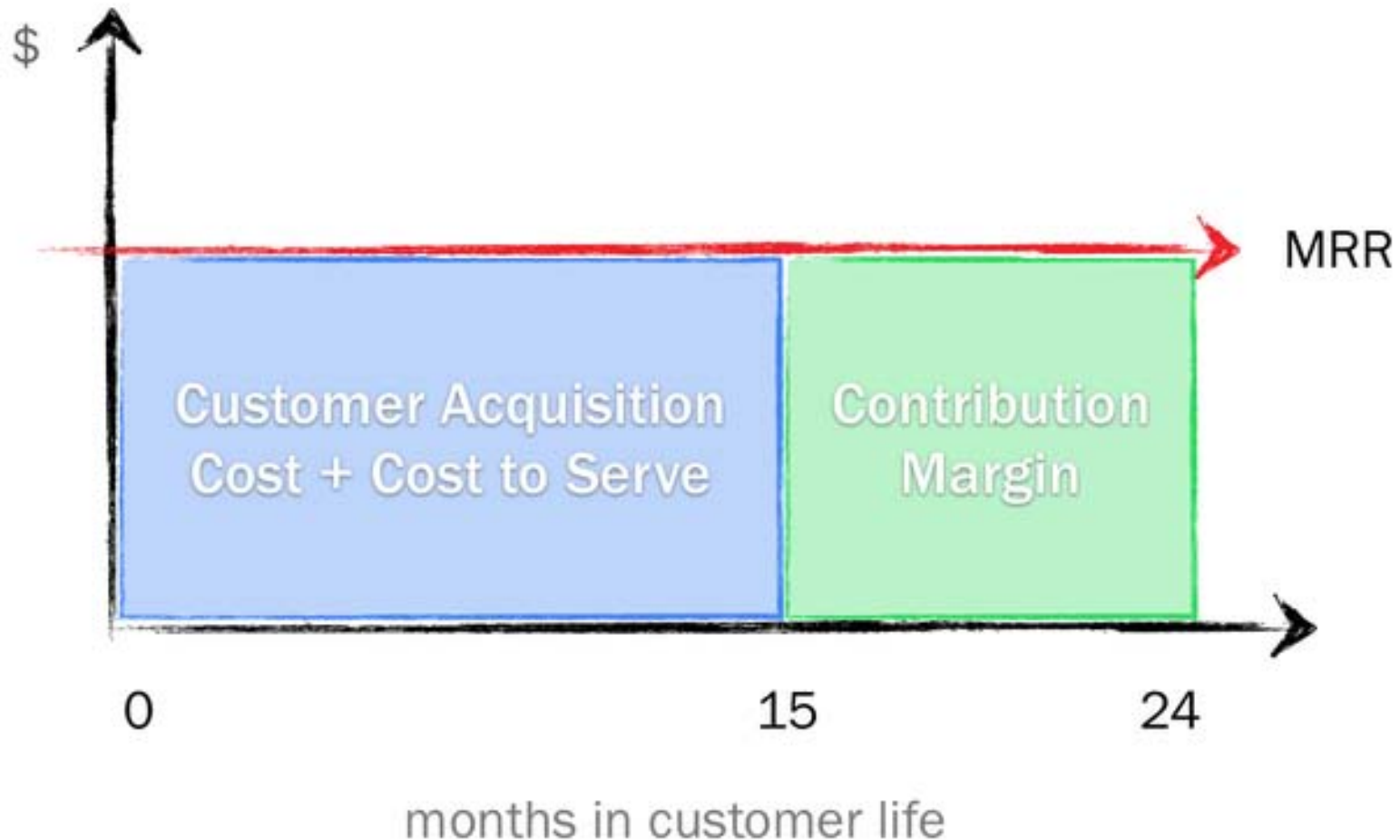
(Growth Rate - **Churn Rate**)

# Revenue at Risk: 1-3%



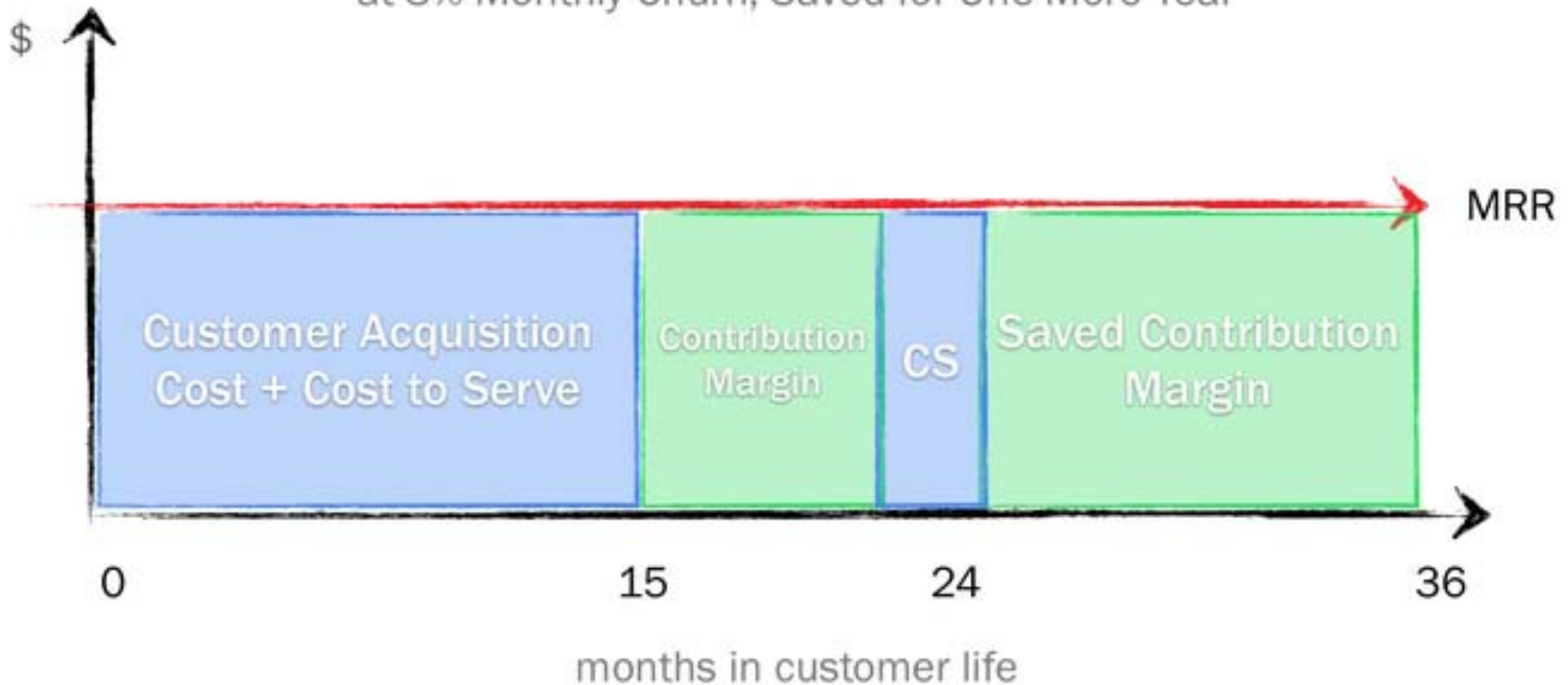
# Customer 1st Year

Unit Economics for an Average SaaS Company  
at 3% Monthly Churn



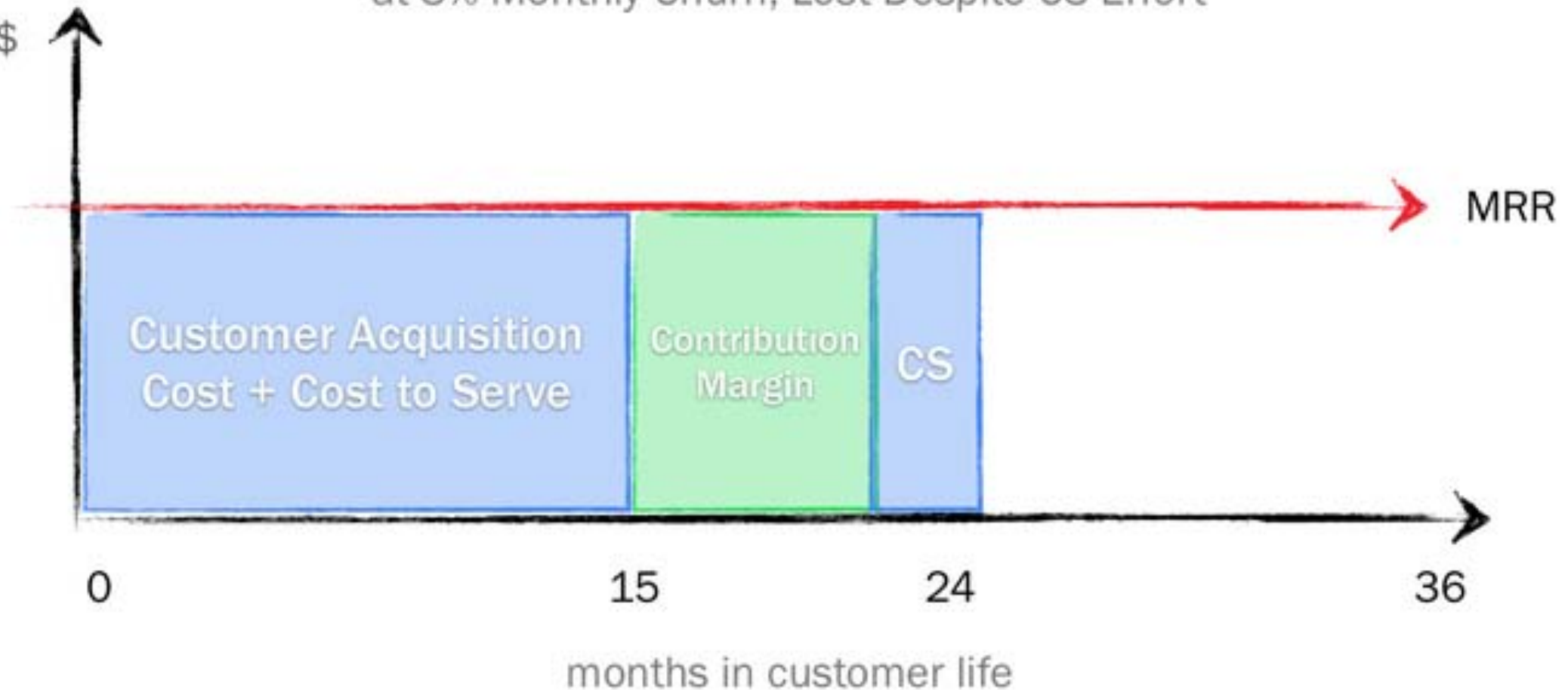
# Saved Customer

Unit Economics for an Average SaaS Company  
at 3% Monthly Churn, Saved for One More Year



# Churned Customer

Unit Economics for an Average SaaS Company  
at 3% Monthly Churn, Lost Despite CS Effort



**max Revenue Growth =**

Customers x

Avg. Contract Value x

(Growth Rate - Churn Rate)



### SaaS Enterprise Value to Revenue Trend Since 2004

